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**FISCAL IMPACT STATEMENT**

**LS 6648**

**BILL NUMBER: SB 344**

**NOTE PREPARED:** Dec 29, 2009

**BILL AMENDED:**

**SUBJECT:** Income Tax Credit for Manufactured Home Purchase.

**FIRST AUTHOR:** Sen. Yoder

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill provides a refundable income tax credit to a purchaser of a new replacement manufactured home that is energy efficient if: (1) the replaced mobile or manufactured home was constructed before 1981; (2) the replaced mobile or manufactured home will be destroyed (including appropriate recycling) and replaced, in the same general location with the new manufactured home; (3) the owner of the new manufactured home was the owner of the replaced mobile or manufactured home; (4) the owner uses the replaced mobile or manufactured home and used, in 2010, the new manufactured home as a primary residence on a year-round basis; and (5) the owner agrees to use the new manufactured home as the owner's primary residence for 2011 through 2013. It requires an agreement between the taxpayer and the department setting forth these conditions. It limits the credit to the lesser of 20% of the purchase price of the new manufactured home or \$8,000. It requires for three years after receiving a credit that the taxpayer certify that the conditions are being met. The bill also provides for the recapture of the tax credit if any one of the conditions is not satisfied, and provides that the tax credit is available only for purchases during 2010.

**Effective Date:** January 1, 2010 (retroactive).

**Explanation of State Expenditures:** The Department of State Revenue (DOR) would incur some administrative expenses relating to the revision of tax forms, instructions, computer programs and monitoring of the new tax credit. The bill's requirements represent an additional workload on the DOR, and existing staffing and resource levels, if currently being used to capacity, may be insufficient for full implementation. The additional funds and resources required could be supplied through existing staff and resources currently being used in another program or with new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend on legislative and administrative actions.

**Explanation of State Revenues: Summary** - This bill provides a new tax credit for taxpayers who make a qualified manufactured home purchase for tax year 2010. The revenue loss due to this bill could potentially total about \$7.2 M to \$12.3 M in FY 2011. However, if this tax credit encourages qualified manufactured home purchases which would not have otherwise occurred, then additional revenue from income and sales tax could be generated, which would offset some of the revenue loss resulting from the tax credit.

**Background Information** - According to the U.S. Census Bureau, there were approximately 166,733 mobile homes in Indiana used as residences in 2000. It is unknown how many residential mobile homes were manufactured before 1981. Data from the Manufactured Housing Survey provided by the U.S. Census Bureau indicate that about 900 new manufactured homes were placed in Indiana during 2008. Since 2004, manufactured home placements in Indiana have declined on average about 21.8%.

This bill provides a tax credit to a purchaser of a new energy efficient manufactured home. The home being replaced must have been constructed before 1981, and the purchaser must place the new home in the same general location as the home being replaced. In addition, the owner of the replacement home must be the owner of the new manufactured home, and use the new home as a primary residence for 2011 through 2013. A recipient of this tax credit must certify that these conditions are being met. If any one of the conditions are not being met, the tax credit may be recaptured.

This bill provides for a refundable tax credit that is equal to the lesser of 20% of the purchase price of the new energy-efficient manufactured home or \$8,000. According to the Indiana Manufactured Housing Association, the price for a new energy star single-section manufactured home ranges from \$44,000 to \$50,000, and for a multiple-section home the price ranges from \$62,000 to \$70,000. Thus, the tax credit amount that would be claimed under this bill would likely be \$8,000 for most taxpayers.

The tax credit may be claimed against the Adjusted Gross Income (AGI) tax on individuals and corporations. Revenue from the AGI tax is deposited in the state General Fund.

### **Explanation of Local Expenditures:**

### **Explanation of Local Revenues:**

**State Agencies Affected:** DOR.

**Local Agencies Affected:**

**Information Sources:** U.S. Census Bureau, *Historical Census of Housing Tables, Units in Structure*; U.S. Census Bureau, *Manufactured Housing Survey, New Manufactured Homes Placed by Size of Home by State*; Indiana Manufactured Housing Association.

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